Distr.
GENERAL

IDB.10/26
24 September 1992

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Industrial Development Board

Tenth session
Vienna, 2-6 November 1992
Item 4 of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

Implementation of the recommendations of the External Auditor for the financial period 1988-1989: economies in official travel costs of the Organization

Report by the Director-General

Summary

Reports on the review of the application of the last sentence of paragraph (f) of appendix G to the Staff Rules, in compliance with conclusion 92/4, paragraph (c), of the Programme and Budget Committee.

1. In paragraphs 77 to 81 of the report of the External Auditor on the accounts of UNIDO and of the Industrial Development Fund for the financial period 1988-1989 ended 31 December 1989 (PBC.6/15), the External Auditor made observations with regard to the use of certain fares for official travel and, in that respect, opined that the last sentence of paragraph (f) of appendix G to the Staff Rules dealing with official travel - "Fares based on fixed reservation dates shall be excluded." - should be deleted. In his comments on the External Auditor's observations, the Director-General reported that the Secretariat saw no reason to amend the Staff Rules at the present juncture since appendix G ... is only of relevance when calculating normal travel entitlements (PBC.6/15/Add.1, para. 16). The present document provides additional information on the efforts made by the Secretariat in achieving reductions in official travel costs.

2. Entitlements of staff are integral parts of their conditions of service as stipulated in the UNIDO Staff Regulations and Staff Rules and amplified by administrative instructions. Staff entitlements are also considered within the context of the Statute of the International Civil Service Commission, in accordance with article 11, paragraph (b) of which the Commission shall establish "... rates of allowances and benefits, other than pensions and those referred to in article 10 (c), the conditions of entitlement thereto and standards of travel."

3. While recognizing the necessity for maintaining a common system approach to the entitlements and standards of travel, UNIDO, with the cooperation of staff, is nevertheless applying in a restricted manner those standards laid down in appendix G. In order to achieve maximum economies, UNIDO would only allow business class travel for journeys lasting for nine hours or more, while in other organizations the business class travel standard applied may be of five or seven hours' duration. The latter application would be in line with the recommendations of the Medical Directors of the United Nations system who in 1989 proposed that due to the health risks associated with longer air journeys business class should be used when travel exceeds five hours (report of the Consultative Committee on Administrative Questions, CCAQ(PER)1989/10, section I).

4. For all other travel charged to common staff costs, including home leave travel, family visit travel and education grant travel, air economy/excursion fares or other less costly air fares are normally used when available and applicable, i.e. special fares, including youth, student or family fares.

5. Moreover, in the interest of further cost reduction, staff have also been most responsive to the use of other less costly alternative fares in connection with group travel for missions, even though this approach may sometimes lead to delays and inconveniences. Staff have also voluntarily accepted to use the cash option of 80 per cent of the home leave and family visit travel entitlements. Since its introduction in 1987, the use of this option has resulted in sizeable economies to the Organization in terms of cash and administrative support costs. Should the basis

V.92 57095 3688E

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for the calculation be further restricted, this application would no longer be an attractive alternative to staff with such entitlements (84 per cent of whom currently make use of this option), who may then wish to revert to requesting their full travel entitlement.

6. Finally, as regards reduced fares based on fixed reservation dates, these are used whenever feasible. It should be noted, however, that such fares are not only becoming increasingly scarce (most APEX fares are now without such restrictions) but do not apply to certain destinations (particularly in Asia and Latin America), while for travel to other destinations the fixed return date has been removed. A requirement to use reduced fare tickets would therefore imply discrimination for staff travelling to other regions. Moreover, the restrictions attached to such tickets and the fact that cancellation fees before departure can amount to as much as 90 per cent of the ticket value, often make their use impractical and may even result in higher costs to the Organization.

7. In an effort to achieve harmony in the application of travel standards within the United Nations common system, the Consultative Committee on Administrative Questions, at the request of UNIDO, is collecting data from all organizations on that subject. At the same time, information is being compiled for eventual submission to the General Assembly. Until then it would appear prudent for UNIDO to continue to apply the standards of travel as laid down in the Staff Regulations and Staff Rules in such a way as to optimize economies.

ACTION REQUIRED OF THE BOARD

8. The Board may wish to take note of the present document.